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DIRECTORATE OF  
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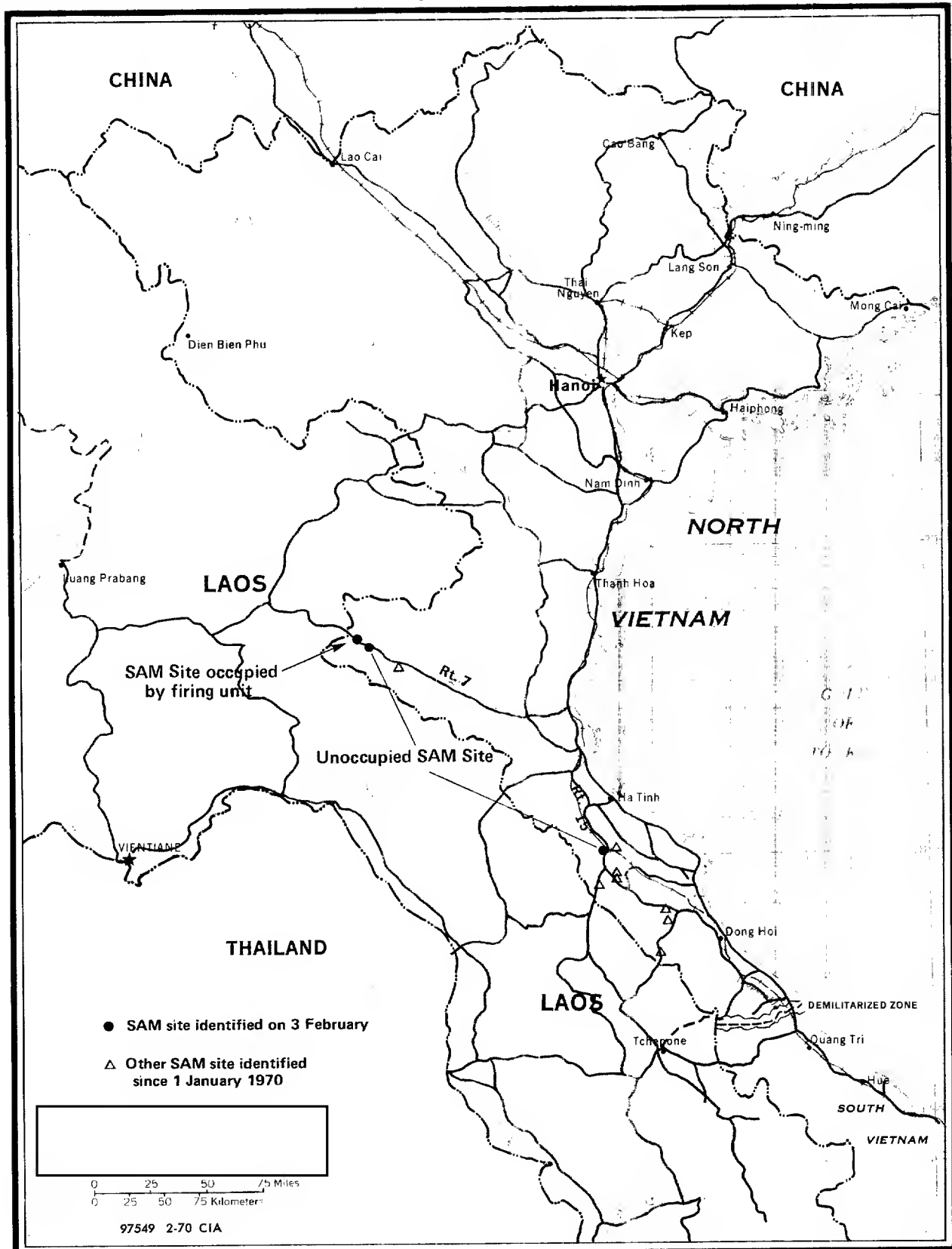


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## North Vietnamese Continue to Beef Up Air Defenses in Panhandle



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North Vietnam: The North Vietnamese are continuing to bolster their air defenses in the southern panhandle.

Aerial photography of 3 February has disclosed three new surface-to-air missile (SAM) sites--two along Route 7 near the Laos border, and another near Route 15. One of the sites on Route 7 was occupied by a firing unit; the others were empty. Eleven new SAM sites have now been photographed in the panhandle since the first of the year. At least three and possibly four SAM firing units are currently believed to be available in the area.

Hanoi has been strengthening its air defenses along the main infiltration and logistics arteries in the panhandle and adjacent to the Laotian border for several weeks. The North Vietnamese probably regard these moves as a cheap and relatively safe way of inhibiting US air operations there.

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Communist China: A moderate approach to agricultural policy has been forcefully restated in the party theoretical journal.

An article in the latest issue of Red Flag, which was also broadcast by Peking radio on 2 February, addressed itself to a number of the key agricultural issues that have been debated for years within the leadership. It noted, for example, that China's aim is to develop the commune system fully. The article asserted, however, that the process must be gradual, and it warned against attempting to move to the higher level "in a hurry." Thus, the authors rule out any precipitant effort, such as that which occurred in the "great leap forward," to jump over several stages of developing cooperatives.

The article also indicated concern over the lack of responsiveness of rural villages to Peking's direction. At several places it warned against class enemies who make use of "feudal clan relationships," and continue the "family register and records." The implication in such charges is that in some villages family relationships have become more important than class and that clan authority has replaced that of party and government. The article also warned against the cadre and poorer peasants being wooed away from the leadership of the party by the "sugar-coated bullets" of the bourgeois, such as money and gifts.

The Red Flag article also mentioned a "national unified economic plan," raising the possibility that efforts are under way to develop a new five-year plan. The keynote of such a plan, if the Red Flag article authors get their way, will be pragmatism. The article notes that the new plan should permit a degree of flexibility to allow local areas to work out their plans according to local conditions.



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Philippines: Government personnel changes announced by President Marcos over the weekend have temporarily eased political pressures on him.

By stating that the shifts were to make the government "more responsive to the clamor for change," Marcos tried to create an appearance of moving to meet popular demands for responsible government. This has been a major theme voiced by student demonstrators.

The removal of the Philippine Constabulary chief, whose role in election irregularities last November made him particularly resented, has met with wide approval. His dismissal has led to demands for action against two other [redacted] cronies of Marcos, who may find it expedient to dump them.

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Reassignments within the cabinet have elevated men of demonstrated efficiency and probity. In order to regain public confidence, however, Marcos would have to follow up the new appointments with an action program. To date, he has shown no inclination to move along such a line and, in fact, the oligarchy's powerful position would make any genuine reform program very difficult to initiate.

Demonstrations scheduled for 12 February by leftist student and labor organizations could lead to renewed violence, even though the decision of moderate student and labor factions not to participate could blunt their impact. The leftist organizers, shaken by the forcible suppression of disorders on 30 January, profess a desire to keep the protests peaceful, but provocateurs could play on the taut nerves of both students and security forces to provoke bloodshed. [redacted]

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Yugoslavia-EC: A three-year trade agreement initialed on 6 February is the European Communities' (EC) first such accord with an Eastern European country.

The pact, which is expected to be ratified by member countries in mid-March, provides for early implementation of a scheduled general tariff reduction of 25 percent on beef, a major Yugoslav export to the six countries. In return, Yugoslavia is to avoid flooding the market with beef by maintaining a minimum price level for such exports. It also will make certain concessions on imports of industrial goods from EC members. A mixed commission will be established to monitor the agreement.

Belgrade can be expected to use the commission to press its case for future additions to the agreement, particularly for such items as wine, corn, tobacco, and textiles. About two thirds of Yugoslavia's hard-currency deficit of \$546 million in 1969 arose from trade with the EC. Some 40 per cent of all Yugoslav imports and one third of all its exports in 1969 were with the Six.

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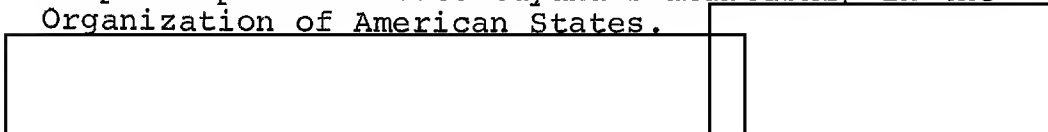
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Venezuela-Guyana: President Caldera has made a strong bid for US support in the Venezuela-Guyana border dispute.

In a conversation with Assistant Secretary of State Meyer last Saturday, Caldera for the first time made a strong demarche on this issue. Pointing out that the mixed border commission was to expire on 17 February, he said that Venezuela hoped that the US would consider at the very least offering its good offices to continue the dialogue between Venezuela and Guyana in some way. The last meeting of the mixed commission will be held on 12 February.

After disavowing any intention to resort to armed action, Caldera indicated that Venezuela had no fixed idea as to what means should be used to move toward a solution of the dispute. He said that continuation of the mixed commission, some plan tied to multilateral development of the disputed region, or a new approach to arbitration would be acceptable.

Caldera reaffirmed that Venezuela intended to keep its power to veto Guyana's membership in the Organization of American States.



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Dominican Republic: The economic growth rate in 1969, the highest since the 1965 revolution, should help President Balaguer if he becomes a candidate in the May 1970 elections. Total output rose an estimated seven percent, twice as rapidly as in 1967 or 1968. A major factor was the recovery of agriculture from drought. In addition, greater business confidence prompted initiation of a \$200-million ferronickel project, as well as other investments.



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